



INTERNATIONAL UNION, UNITED AUTOMOBILE, AEROSPACE & AGRICULTURAL IMPLEMENT WORKERS OF AMERICA - UAW

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November 17, 2003

IN REPLY REFER TO

1757 N STREET, N.W.
WASHINGTON, D.C. 20036
TELEPHONE: (202) 828-8500
FAX (202) 293-3457

Dear Representative:

The House may soon consider the conference report on the Medicare prescription drug legislation. The UAW strongly opposes this dangerous measure and urges you to vote against it.

The UAW believes the conference report contains many serious problems.

- The Rx benefits provided to senior citizens are far too modest, with large gaps in coverage that will leave many seniors with large out-of-pocket drug expenses.
- Even worse, the bill would take a major step towards privatizing the entire Medicare program by implementing a "premium support" system for up to six million seniors. Under this system, the traditional Medicare program will be forced to compete with private insurance carriers, who will be given \$12 billion in extra subsidies and allowed to cherry pick younger, healthier seniors. As a result, the bill will destabilize the traditional Medicare program and inevitably drive up premiums for seniors who decide to stay in it.
- On top of this, the bill would impose an arbitrary budget cap on Medicare that would inexorably create pressure for deep cuts in health care benefits for senior citizens. But the bill would not impose any similar budget cap or process on spending for any other programs or proposals for additional tax cuts.
- The bill still provides lower Rx benefits to retirees who are currently receiving such benefits from their former employer. As CBO has projected, this will encourage employers to drop their retiree Rx plans, leaving millions of seniors worse off.

The UAW also has grave concerns about other aspects of the conference report. This includes the provisions: (1) weakening the guarantee of Medicare fall back drug coverage in all areas of the country; (2) establishing "means testing" for the Part B premium;

(3) expanding health savings accounts (HSAs) for employers who only provide very high deductible, "catastrophic" health coverage for their workers (thereby undermining comprehensive health insurance coverage for working families); (4) watering down Rx coverage for low income seniors; and (5) weakening measures to increase access to generic drugs. Furthermore, we continue to be troubled by the absence of any provisions designed to curb excessive price increases by the drug companies.

For all of these reasons, the UAW believes the House should emphatically reject the conference report on the Medicare Rx legislation. Make no mistake, the issue before the House is not simply the nature of prescription drug coverage that will be provided to seniors. **Rather, the conference report directly puts at risk the continued stability and viability of the entire Medicare program.**

The UAW firmly believes that the Medicare program represents one of the greatest American social programs. Regrettably, Newt Gingrich and other right wing ideologues have made no secret of their desire to undermine this vital government program and to have it "wither on the vine". The conference report that will be considered by the House represents the culmination of the Gingrich agenda to dismantle Medicare and return to the days when seniors were left at the mercy of private insurance companies.

The UAW emphatically urges Representatives to reject this blatant attempt to use the Medicare Rx legislation as a Trojan horse to dismantle the entire Medicare program. We attach the highest priority to the rejection of this conference report.

Sincerely,

A handwritten signature in cursive script that reads "Alan Reuther".

Alan Reuther
Legislative Director

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